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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

2046  
R92-2240

FORM 10-Q

- [X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the quarterly period ended: June 30, 1992

- [ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-10795

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TAJ MAHAL HOLDING CORP.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

13-3598656

(I.R.S. Employer  
Identification No.)

1000 The Boardwalk  
Atlantic City, New Jersey  
(Address of principal executive  
offices)

08401  
(Zip Code)

(609) 449-5540

Registrant's telephone number, including area code

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No   

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes    No   . Not applicable.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

As of August 12, 1992, the number of shares outstanding of the Registrant's (i) Class A Common Stock was 1,350,000, (ii) Class B Redeemable Common Stock was 738,302 and (iii) Class C Common Stock was 1,350,000.

**TAJ MAHAL HOLDING CORP.  
TRUMP TAJ MAHAL ASSOCIATES AND SUBSIDIARY  
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# PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

### TAJ MAHAL HOLDING CORP. BALANCE SHEETS

#### ASSETS (Note 3)

|              | <u>June 30,</u><br><u>1992</u><br>(unaudited) | <u>December 31,</u><br><u>1991</u> |
|--------------|-----------------------------------------------|------------------------------------|
| Cash         | \$100                                         | \$100                              |
| Total assets | \$100                                         | \$100                              |

#### STOCKHOLDERS' EQUITY (Notes 1 and 2)

|                                                                                                                                           |           |           |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Class A Common Stock; no par value; 10,000,000 shares authorized, 1,350,000 issued                                                        | \$ 40     | \$ 40     |
| Class B Common Stock; no par value; 860,000 shares authorized, 738,302 issued at<br>June 30, 1992 and 729,458 issued at December 31, 1991 | 20        | 20        |
| Class C Common Stock; no par value; 10,000,000 shares authorized, 1,350,000 issued                                                        | <u>40</u> | <u>40</u> |
| Total Stockholders' equity                                                                                                                | \$100     | \$100     |

The accompanying notes to financial statements  
are an integral part of these statements

**TAJ MAHAL HOLDING CORP.**  
**STATEMENTS OF OPERATIONS**  
(Unaudited)

|                                               | Three months ended<br><u>June 30, 1992</u> | Six months ended<br><u>June 30, 1992</u> |
|-----------------------------------------------|--------------------------------------------|------------------------------------------|
| Revenue                                       | \$ -                                       | \$ -                                     |
| Expenses -                                    |                                            |                                          |
| Director fees, insurance and related expenses | 513,000                                    | 914,000                                  |
| Net loss                                      | <u>\$ (513,000)</u>                        | <u>\$ (914,000)</u>                      |
| Net loss per common share (Note 3)            | <u>\$ (.38)</u>                            | <u>\$ (.68)</u>                          |

The accompanying notes to financial statements  
are an integral part of these statements

**TAJ MAHAL HOLDING CORP.**  
**STATEMENT OF CAPITAL**  
(unaudited)

|                                                    | <u>Contributed<br/>Capital</u> | <u>Accumulated<br/>Surplus<br/>(Deficit)</u> | <u>Total<br/>Capital<br/>(Deficit)</u> |
|----------------------------------------------------|--------------------------------|----------------------------------------------|----------------------------------------|
| Balance, December 31, 1991                         | \$ 100                         | \$ -                                         | \$ 100                                 |
| Distribution from Partnership                      | -                              | 914,000                                      | 914,000                                |
| Net loss for the six months<br>ended June 30, 1992 | <u>-</u>                       | <u>(914,000)</u>                             | <u>(914,000)</u>                       |
| Balance, June 30 1992                              | <u>\$ 100</u>                  | <u>\$ -</u>                                  | <u>\$ 100</u>                          |

The accompanying notes to financial statements  
are an integral part of this statement

**TAJ MAHAL HOLDING CORP.**  
**STATEMENT OF CASH FLOWS**  
**(unaudited)**

For the six months ended  
June 30, 1992

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|                                                        |             |
|--------------------------------------------------------|-------------|
| Net loss - Net cash flows used in operating activities | \$(914,000) |
|--------------------------------------------------------|-------------|

**CASH FLOWS FROM FINANCING ACTIVITIES:**

|                          |                |
|--------------------------|----------------|
| Partnership distribution | <u>914,000</u> |
|--------------------------|----------------|

**NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS**

|                                               |            |
|-----------------------------------------------|------------|
| CASH AND CASH INVESTMENTS BEGINNING OF PERIOD | <u>100</u> |
|-----------------------------------------------|------------|

|                                         |               |
|-----------------------------------------|---------------|
| CASH AND CASH INVESTMENTS END OF PERIOD | <u>\$ 100</u> |
|-----------------------------------------|---------------|

The accompanying notes to financial statements  
are an integral part of this statement

**TAJ MAHAL HOLDING CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)

**1. Organization:**

Taj Mahal Holding Corp. ("Holding") was organized on December 18, 1990 as a Delaware corporation wholly owned by Donald J. Trump. As described below, Holding was formed for the purpose of consummating a plan of reorganization (the "Plan") involving Trump Taj Mahal Associates, a New Jersey general partnership (the "Partnership") which operates the Trump Taj Mahal Casino Resort and Trump Taj Mahal Funding, Inc., a New Jersey corporation that raised funds for the Partnership (the "Company"). Prior to the consummation of the Plan, both the Partnership and the Company were owned by Donald J. Trump and affiliated entities.

Holding has no business operations other than its investment in the Partnership. As a result, its ability to pay operating expenses and dividends is completely dependent on the operations of the Partnership.

**2. The Plan:**

Upon consummation of the Plan on October 4, 1991, the Partnership issued to the holders of the Company's 14% First Mortgage Bonds, Series A, Due 1998 (the "Old Bonds"), a general partnership interest representing 49.995% of the equity of the Partnership. Such holders in turn contributed such partnership interest to Holding. The Company also issued new 11.35% Mortgage Bonds, Series A, Due 1999 ("New Bonds") in exchange for the Old Bonds. Each \$1,000 principal amount of New Bonds trades as a unit with one share of Class B Redeemable Common Stock (the "Class B Stock") of Holding, described below.

As part of the Plan, TM/GP Corporation, a New Jersey corporation and a wholly owned subsidiary of Holding ("TM/GP") with no other assets, received a 49.995% partnership interest in the partnership from Holding and serves as the Partnership's managing general partner. Donald J. Trump also contributed to Holding a 50% ownership interest in The Trump Taj Mahal Corporation, a Delaware Corporation, which owns a .01% interest in the Partnership.

At the time of these transfers, Holding issued 1,350,000 shares of its Class A Common Stock (the "Class A Stock") and 729,458 shares of its Class B Stock to the holders of the Old Bonds and 1,350,000 shares of its Class C Common Stock (the "Class C Stock") to Donald J. Trump. In accordance with the terms of the New Bond Indenture, a portion of the interest on the New Bonds may be paid in additional New Bonds. At May 15, 1992, \$8,844,000 of New Bonds and 8,844 shares of Class B Stock were issued in lieu of the payment of a portion of the cash interest on the outstanding New Bonds.

Generally, the holders of the Class B Stock are entitled to elect four of the nine members of Holding's Board of Directors and Donald J. Trump, as holder of the Class C Stock is entitled to elect the remaining five directors. The Class A Stock has no voting rights during the time any

of the Class B Stock is outstanding. However, except upon Holding's liquidation, only the Class A Stock is entitled to distributions and dividends, if any, made by Holding. The Class B Stock must be redeemed at a price of \$.50 per share when the New Bonds, with which they were issued, are paid, redeemed or purchased and canceled.

### **3. Summary of Significant Accounting Policies:**

#### **Investment in the Partnership**

Holding accounts for its investment in the Partnership using the equity method of accounting. Under this method, Holding reports as equity income 50% of the Partnership's earnings, if any, from October 4, 1991. In addition, the difference between Holding's equity in the underlying identifiable assets of the Partnership as of October 4, 1991 (\$91,703,000) and the cost basis of its investment in the Partnership is being amortized into income over 40 years.

For the period from October 4, 1991 to June 30 1992, the Partnership incurred a net loss of \$39,855,000. Holding's equity in this loss (\$19,927,500) less amortization of the difference between the underlying identifiable assets of the Partnership and the cost basis of its investment in the Partnership (\$1,719,000 for the period October 4, 1991 to June 30, 1992) will not be reflected in Holding's financial statements until such time as the Partnership generates earnings sufficient to offset the accumulated net loss.

#### **Income Taxes**

Holding will record Federal Income taxes based on its allocable share of Partnership earnings. The payment of any such taxes is reimbursed by the Partnership. Under the New Jersey Casino Control Commission regulations, the Partnership is required to file a New Jersey corporation business tax return and pay all state taxes attributable to its earnings.

#### **Operating Expenses**

Expenses of Holding consist of directors and officers liability insurance, board of director fees and expenses, and administrative expenses. Holding is entitled to full reimbursement of such expenses by the Partnership. Total expenses for the three and six months ended June 30, 1992 approximated \$513,000 and \$914,000 respectively, all of which were reimbursed by the Partnership.

#### **Earnings Per Share**

For the calculation of net loss per share, Class A Stock was used since it is the only Class of participating stock. Net loss per share is determined by dividing net loss by the number of shares of Class A Stock outstanding.

**TRUMP TAJ MAHAL ASSOCIATES AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)

|                                                                            | June 30<br>1992<br>(unaudited) | December 31<br>1991 |
|----------------------------------------------------------------------------|--------------------------------|---------------------|
| <b>ASSETS</b>                                                              |                                |                     |
| <b>CURRENT ASSETS:</b>                                                     |                                |                     |
| Cash and cash investments                                                  | \$ 30,558                      | \$ 22,535           |
| Receivables, net of allowance of \$5,550 and \$5,644 for doubtful accounts | 14,693                         | 17,073              |
| Inventory                                                                  | 2,878                          | 3,067               |
| Prepaid expenses and other current assets                                  | <u>6,246</u>                   | <u>2,633</u>        |
| Total Current Assets                                                       | <u>54,375</u>                  | <u>45,308</u>       |
| <b>PROPERTY AND EQUIPMENT:</b>                                             |                                |                     |
| Land                                                                       | 37,291                         | 37,291              |
| Building                                                                   | 636,585                        | 634,347             |
| Furniture, fixtures and equipment                                          | 140,965                        | 138,940             |
| Leasehold improvements                                                     | <u>24,276</u>                  | <u>24,276</u>       |
|                                                                            | 839,117                        | 834,854             |
| Less: Accumulated depreciation and amortization                            | <u>(86,635)</u>                | <u>( 68,719)</u>    |
|                                                                            | <u>752,482</u>                 | <u>766,135</u>      |
| <b>OTHER ASSETS</b>                                                        | <u>3,897</u>                   | <u>2,608</u>        |
| Total Assets                                                               | <u>\$810,754</u>               | <u>\$ 814,051</u>   |
| <b>LIABILITIES AND CAPITAL</b>                                             |                                |                     |
| <b>CURRENT LIABILITIES:</b>                                                |                                |                     |
| Long-term debt due currently                                               | \$ 552                         | \$ 739              |
| Accounts payable                                                           | 8,127                          | 4,519               |
| Accrued interest payable                                                   | 8,715                          | 8,524               |
| Due to affiliates, net                                                     | 25                             | 206                 |
| Other current liabilities                                                  | <u>34,436</u>                  | <u>32,423</u>       |
| Total Current Liabilities                                                  | <u>51,855</u>                  | <u>46,411</u>       |
| <b>DEFERRED TAXES AND OTHER LIABILITIES</b>                                | <u>24,412</u>                  | <u>25,959</u>       |
| <b>LONG-TERM DEBT</b>                                                      | <u>591,864</u>                 | <u>573,844</u>      |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                       |                                |                     |
| <b>CAPITAL:</b>                                                            |                                |                     |
| Contributed capital                                                        | 123,765                        | 123,765             |
| Accumulated surplus                                                        | <u>18,858</u>                  | <u>44,072</u>       |
| Total Capital                                                              | <u>142,623</u>                 | <u>167,837</u>      |
| Total Liabilities and Capital                                              | <u>\$ 810,754</u>              | <u>\$ 814,051</u>   |

The accompanying notes to financial statements  
are an integral part of these balance sheets

**TRUMP TAJ MAHAL ASSOCIATES AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Dollars in thousands)  
(unaudited)

|                               | <u>For the three months ended June 30,</u> |                    |
|-------------------------------|--------------------------------------------|--------------------|
|                               | <u>1992</u>                                | <u>1991</u>        |
| <b>REVENUES:</b>              |                                            |                    |
| Gaming                        | \$ 103,497                                 | \$ 100,293         |
| Rooms                         | 10,918                                     | 10,661             |
| Food and beverage             | 15,775                                     | 15,008             |
| Other                         | <u>4,022</u>                               | <u>3,008</u>       |
| Gross revenues                | 134,212                                    | 128,970            |
| Less - Promotional allowances | <u>16,103</u>                              | <u>14,433</u>      |
| Net revenues                  | <u>118,109</u>                             | <u>114,537</u>     |
| <b>COST AND EXPENSES:</b>     |                                            |                    |
| Gaming                        | 45,186                                     | 44,963             |
| Rooms                         | 5,932                                      | 5,479              |
| Food and beverage             | 14,608                                     | 13,202             |
| General and administrative    | 25,130                                     | 26,668             |
| Depreciation and amortization | 9,024                                      | 8,892              |
| Restructuring costs           | <u>-</u>                                   | <u>4,143</u>       |
|                               | <u>99,880</u>                              | <u>103,347</u>     |
| Income from operations        | 18,229                                     | 11,190             |
| Interest income               | 259                                        | 295                |
| Interest expense              | <u>(25,739)</u>                            | <u>(28,003)</u>    |
| Provision for litigation      | <u>-</u>                                   | <u>( 1,750)</u>    |
| Net loss                      | <u>\$ ( 7,251)</u>                         | <u>\$ (16,268)</u> |

The accompanying notes to financial statements  
are an integral part of these statements.

**TRUMP TAJ MAHAL ASSOCIATES AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Dollars in thousands)  
(unaudited)

|                               | <u>For the six months ended June 30,</u> |                    |
|-------------------------------|------------------------------------------|--------------------|
|                               | <u>1992</u>                              | <u>1991</u>        |
| <b>REVENUES:</b>              |                                          |                    |
| Gaming                        | \$ 195,715                               | \$ 184,591         |
| Rooms                         | 19,445                                   | 19,843             |
| Food and beverage             | 29,293                                   | 29,359             |
| Other                         | <u>7,908</u>                             | <u>5,422</u>       |
| Gross revenues                | 252,359                                  | 239,215            |
| Less - Promotional allowances | <u>29,976</u>                            | <u>28,886</u>      |
| Net revenues                  | <u>222,383</u>                           | <u>210,329</u>     |
| <b>COST AND EXPENSES:</b>     |                                          |                    |
| Gaming                        | 87,062                                   | 85,139             |
| Rooms                         | 11,535                                   | 10,838             |
| Food and beverage             | 27,151                                   | 25,134             |
| General and administrative    | 52,140                                   | 52,946             |
| Depreciation and amortization | 18,132                                   | 17,988             |
| Restructuring costs           | <u>-</u>                                 | <u>7,673</u>       |
|                               | <u>196,020</u>                           | <u>199,718</u>     |
| Income from operations        | 26,363                                   | 10,611             |
| Interest income               | 512                                      | 524                |
| Interest expense              | (51,175)                                 | (52,034)           |
| Provision for litigation      | <u>-</u>                                 | <u>( 1,750)</u>    |
| Net loss                      | <u>\$ (24,300)</u>                       | <u>\$ (42,649)</u> |

The accompanying notes to financial statements  
are an integral part of these statements.

**TRUMP TAJ MAHAL ASSOCIATES AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CAPITAL**  
(Dollars in thousands)  
(unaudited)

|                                                    | <u>Contributed<br/>Capital</u> | <u>Accumulated<br/>Surplus</u> | <u>Total<br/>Capital</u> |
|----------------------------------------------------|--------------------------------|--------------------------------|--------------------------|
| Balance, December 31, 1991                         | \$123,765                      | \$ 44,072                      | \$167,837                |
| Net loss for the six months ended<br>June 30, 1992 | -                              | ( 24,300)                      | ( 24,300)                |
| Partnership distribution                           | -                              | (914)                          | (914)                    |
| Balance, June 30, 1992                             | <u>\$123,765</u>               | <u>\$ 18,858</u>               | <u>\$142,623</u>         |

The accompanying notes to financial statements  
are an integral part of these statements.

**TRUMP TAJ MAHAL ASSOCIATES AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)  
(unaudited)

|                                                                                                           | <u>For the six months ended June 30,</u> |                         |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------|
|                                                                                                           | <u>1992</u>                              | <u>1991</u>             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                              |                                          |                         |
| Net loss                                                                                                  | \$(24,300)                               | \$(42,649)              |
| Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities - |                                          |                         |
| Depreciation and amortization                                                                             | 18,132                                   | 17,988                  |
| Charges related to lease guarantee                                                                        | 731                                      | -                       |
| Accretion of discount on Bond indebtedness                                                                | 6,334                                    | -                       |
| Other adjustments to reduce the carrying value of non current assets                                      | 1,201                                    | -                       |
| Provision for doubtful accounts                                                                           | <u>3,773</u>                             | <u>3,861</u>            |
|                                                                                                           | 5,871                                    | (20,800)                |
| Changes in operating assets and liabilities:                                                              |                                          |                         |
| Receivables, net                                                                                          | (1,393)                                  | (2,846)                 |
| Inventory                                                                                                 | 189                                      | 1,317                   |
| Other current assets                                                                                      | (1,771)                                  | (50)                    |
| Other assets                                                                                              | (2,490)                                  | (641)                   |
| Due to affiliates, net                                                                                    | (181)                                    | 3,216                   |
| Accounts payable                                                                                          | 3,647                                    | (2,990)                 |
| Accrued interest payable                                                                                  | 7,273                                    | 50,502                  |
| Other liabilities                                                                                         | <u>855</u>                               | <u>4,047</u>            |
| New Cash flows provided by operating activities                                                           | <u>12,000</u>                            | <u>31,755</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                              |                                          |                         |
| Purchase of property and equipment                                                                        | (4,481)                                  | (9,619)                 |
| Investment in CRDA obligation                                                                             | <u>(1,237)</u>                           | <u>-</u>                |
| Net cash flows used in investing activities                                                               | <u>(5,718)</u>                           | <u>(9,691)</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                                              |                                          |                         |
| Proceeds from borrowings                                                                                  | 8,000                                    | -                       |
| Repayments of borrowings                                                                                  | (5,345)                                  | (292)                   |
| Partnership distribution                                                                                  | <u>(914)</u>                             | <u>-</u>                |
| New cash flows provided by (used in) financing activities                                                 | <u>1,741</u>                             | <u>(292)</u>            |
| <b>NET INCREASE IN CASH AND CASH INVESTMENTS</b>                                                          | <b>8,023</b>                             | <b>21,844</b>           |
| <b>CASH AND CASH INVESTMENTS BEGINNING OF PERIOD</b>                                                      | <u><b>22,535</b></u>                     | <u><b>22,480</b></u>    |
| <b>CASH AND CASH INVESTMENTS END OF PERIOD</b>                                                            | <u><b>\$ 30,558</b></u>                  | <u><b>\$ 44,324</b></u> |
| <b>INTEREST PAID</b>                                                                                      | <u><b>\$ 36,775</b></u>                  | <u><b>\$ 104</b></u>    |

The accompanying notes to financial statements  
are an integral part of these statements.

TRUMP TAJ MAHAL ASSOCIATES AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

(1) Organization and Operations:

The accompanying consolidated financial statements include those of Trump Taj Mahal Associates (the "Partnership"), and its wholly owned subsidiary, Trump Taj Mahal Funding, Inc. (the "Company"). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Trump Taj Mahal Associates was formed on June 23, 1988, as a New Jersey limited partnership. As part of the Plan of Reorganization (Note 2), the Partnership was converted to a general partnership in December, 1990. The current partners and their respective ownership interests are Trump Taj Mahal, Inc. ("TTMI"), 49.995%, The Trump Taj Mahal Corporation ("Trump Corp."), .01%, and TM/GP Corporation ("TMGP"), the managing general partner, a wholly owned subsidiary of Taj Mahal Holding Corp. ("Holding"), 49.995%.

The accompanying financial statements have been prepared by the Partnership and the Company without audit. In the opinion of the Partnership and the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position, results of operations and changes in cash flows for the periods presented, have been made.

The accompanying financial statements have been prepared by the Partnership and the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Partnership and the Company's December 31, 1991 Annual Report on Form 10-K.

The casino industry in Atlantic City is seasonal in nature, therefore, results of operations for the three and six months ended June 30, 1992 and 1991 are not necessarily indicative of the operating results for a full year.

(2) Plan of Reorganization:

On July 16, 1991, the Company, the Partnership, and its general partners filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code"). On July 17, 1991 these entities filed a Plan of Reorganization, as amended (the "Plan"). The Plan was confirmed by the Bankruptcy Court on August 28, 1991 and the Plan was consummated October 4, 1991 (the "Effective Date"). Pursuant to the terms of the Plan, the Company's 14% First Mortgage Bonds, Series A,

due 1998 (the "Old Bonds") were exchanged for the Company's 11.35% Mortgage Bonds, Series A, due 1999 (the "New Bonds") and certain modifications were made to the terms of bank borrowings, and amounts owed to both Donald J. Trump and his affiliates. In addition, approximately 50% of the ownership interest in the Partnership was transferred to the holders of the Old Bonds. Since the Company has no business operations, its ability to repay the principal and interest on the New Bonds is completely dependent on the operations of the Partnership.

In accordance with AICPA Statement of Position 90-7, "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code", the New Bonds when issued were stated at the present value of amounts to be paid. The effective interest rate of the New Bonds was determined based on the trading price of the New Bonds for a specific period. Stating the debt at its approximate present value resulted in a reduction of approximately \$204,276,000 in the carrying amount of the New Bonds. This gain is being offset by increased interest costs over the period of the New Bonds to accrete such bonds to their face value at maturity. At June 30, 1992 the unaccreted balance of this discount approximated \$195,000,000. The current interest rates of other borrowings approximated their stated interest rates as of the Effective Date.

(3) Borrowings:

The New Bonds bear interest at 11.35% per annum payable semi-annually on May 15 and November 15. Interest on the New Bonds must be paid in cash on each interest payment date at the rate of 9.375% per annum (the "Mandatory Cash Interest Amount"). In addition to the Mandatory Cash Interest Amount, on each May 15 an additional amount of interest (the "Additional Amount") in cash or additional New Bonds, or a combination thereof, is payable equal to the difference between 11.35% of the outstanding principal amount of the New Bonds and the Mandatory Cash Interest Amount paid on that date and the immediately preceding November 15. To the extent that there is Excess Available Cash Flow ("EACF") of the Partnership, as defined, for the immediately preceding calendar year, the Company will pay the Additional Amount in cash up to 10.28% and the balance thereof may be paid at the option of the Company in cash or additional New Bonds provided that an equivalent amount of cash is used to purchase or redeem New Bonds. For the period from the Effective Date through December 31, 1991, there was no EACF. Accordingly, the Company satisfied the Additional Amount on May 15, 1992 through the issuance of approximately \$8,844,000 in additional New Bonds.

In November 1991, the Partnership obtained a working capital line of credit in the amount of \$25,000,000 with a maturity of five years. Interest on advances under the line is at prime plus 4% with a minimum of 9% per annum. The Agreement provides for a 1% annual fee and a 3/4% unused line fee and contains various covenants during the term of the facility. During 1992, \$8,000,000 was borrowed against the line of which \$3,000,000 was outstanding at June 30, 1992.

(4) Casino License Renewal:

The Company and the Partnership are subject to regulation and licensing by the New Jersey Casino Control Commission (the "CCC"). The Partnership's casino license must be renewed periodically, is not transferable, is dependent upon the financial stability of the Partnership and can be revoked at anytime. Due to the uncertainty of any license renewal application, there can be no assurance that the license will be renewed. Upon revocation, suspension for more than 120 days, or failure to renew the casino license due to the Partnership's financial condition or for any other reason, the Casino Control Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

On April 6, 1992, the CCC renewed the casino license of the Partnership through April 26, 1993 subject to certain continuing reporting and compliance conditions.

(5) Legal Proceedings:

The Partnership, its Partners, certain of its employees and the Company are involved in various legal proceedings incurred in the normal course of business, including certain claims initiated in the Bankruptcy Court. In the opinion of the Partnership and its counsel, the expected disposition of these proceedings would not have a material effect on the Partnership's or the Company's financial condition.

(6) Partnership Distribution:

The Partnership is obligated to reimburse Holding for its operating expenses which consist of directors and officers liability insurance, board of director fees and expenses, and administrative expenses. Total expenses for the three and six months ended June 30, 1992 approximated \$513,000 and \$914,000 respectively.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### **Results of Operations**

**Three and Six Months  
Ended June 30, 1992**

The Registrant commenced operations on October 4, 1991. The Registrant accounts for its investment in the Partnership using the equity method of accounting. Under this method, the Registrant reports as equity income 50% of the partnership's net income, if any, from October 4, 1991. In addition, the difference between the Registrant's equity in the underlying identifiable assets of the partnership as of October 4, 1991 (\$91,703,000) and the cost basis of its investment in the partnership is being amortized into income over 40 years.

For the period from October 4, 1991 to June 30, 1992, the Partnership incurred a net loss of \$39,855,000. The Registrant's equity in this loss (\$19,927,500) less amortization of the difference between the underlying identifiable assets the Partnership and the cost basis of its investment in the Partnership (\$1,719,000 for the period October 4, 1991 to June 30, 1992) will not be reflected in the Registrant's financial statements until such time as the Partnership generates earnings sufficient to offset the accumulated net loss. For information with respect to the Partnership's results of operations see "Trump Taj Mahal Associates and Subsidiary Financial Statements" included elsewhere herein.

For the three and six months ended June 30, 1992, the Registrant incurred \$513,000 and \$901,000, respectively, in expenses composed of Board of Directors fees and related insurance costs, for which the Registrant is entitled to an Expense Distribution, as defined below, from the Partnership.

### **Liquidity and Capital Resources**

The Registrant's sole source of liquidity is from distributions from its subsidiaries. As of June 30, 1992 the Registrant did not have any long or short term indebtedness, and is not anticipated to have any in the near future.

The Partnership Agreement provides that the Partnership shall make distributions (i) at the direction of TM/GP, a wholly-owned subsidiary of the Registrant, and (ii) to each partner necessary for such partner to pay its taxes arising out of its interest in the partnership ("Tax Distributions"). In addition, the Partnership Agreement requires the Partnership to distribute to TM/GP ("Expense Distributions") amounts necessary to permit TM/GP or the Registrant (a) to make payments (generally for indemnification of officers and directors) that TM/GP or the Registrant are required to make pursuant to the terms of the TM/GP Certificate of Incorporation and the Registrant's Certificate of Incorporation, (b) to pay fees to Directors (including fees for serving on a committee), (c) to pay all other expenses of TM/GP and the Registrant, and (d) to permit the Registrant to redeem its Class B Stock when required to make such a redemption pursuant to the terms of its

## Certificate of Incorporation.

The Indenture pursuant to which the New Bonds were issued prohibits the Partnership from making any distributions other than Tax Distributions and Expense Distributions during such time as the New Bonds are outstanding.

The Registrant's Certificate of Incorporation requires the Registrant to redeem each outstanding share of Class B Stock at a redemption price of \$.50 per share (adjusted to reflect stock splits, combinations and dividends since the original date of issuance) at such time as the principal amount of New Bonds with respect to which such share was issued is redeemed, defeased, or paid in full.

Pursuant to the Stock Issuance Agreement entered into as of October 4, 1991, the Registrant has agreed to issue and deliver to Funding such number of additional shares of Class B Stock as Funding may request to enable Funding to pay interest on the New Bonds in the form of additional Units in accordance with the terms of the Indenture. In accordance with the Stock Issuance Agreement, the Registrant anticipates that it will issue an additional 8,844 shares of Class B Stock on May 15, 1992.

## Part II - Other Information

### Item 1. Legal Proceedings.

(a) The Registrant is not a party to any legal proceedings. The Partnership, its partners, certain members of its former Executive Committee, the Company and certain of their employees are involved in various legal proceedings, some of which are described below. The Partnership and the Company have agreed to indemnify such persons and entities, against any and all losses, claims, damages, expenses (including reasonable costs, disbursements and counsel fees) and liabilities (including amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties) incurred by them in said legal proceedings. Such persons and entities are vigorously defending the allegations against them and intend to vigorously contest any future proceedings.

(b) Reference is made to the description of the legal proceedings contained in the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 and Annual Report on Form 10-K for the year ended December 31, 1991, filed with the Securities and Exchange Commission.

(c) On or about June 2, 1992 the Court in the consolidated Bondholder Litigation dismissed the complaint in its entirety and with prejudice. Counsel for plaintiffs have filed a timely notice of appeal with the United States Court of Appeals for the Third Circuit, but the appeal has not yet been briefed or argued.

On July 1, 1992, Debtors filed their motion for partial summary judgment on their objection to that portion of First Boston's Claim based upon the so-called transaction fee in the claimed amount of \$6,345,000. On July 31, 1992, First Boston filed its cross-motion

for partial summary judgment on the remaining portion of the Claim relating to its expenses. The return date for these motions is August 18, 1992. The time to complete discovery, initially set for September 4, 1992 at the scheduling hearing on March 3, 1992, has been extended to September 18, 1992. The trial date remains scheduled for October 1 and 2, 1992. At this juncture in the proceeding, the prospects of a favorable outcome cannot be assessed. The Debtors intend to vigorously contest the First Boston Claim through the hearing on the cross-motions for partial summary judgment and otherwise.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The Registrant's 1991 Annual Meeting of Shareholders was held on April 29, 1992.

(b) Proxies for the Annual Meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934. There was no solicitation in opposition to management's nominees as listed in the Proxy Statement, and the nominees were elected to hold office until the next annual meeting of Shareholders, as indicated in the proxy statement.

(c) No matters were voted on at the Annual Meeting other than the election of directors and the ratification of the selection of the independent public accountants.

(d) None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits - 10.1 Employment Agreement - Ernest E. East.

(b) The Company filed the following Current Reports on Form 8-K: None.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

TAJ MAHAL HOLDING CORP.

Date: August 12, 1992

By: /s/ DONALD J. TRUMP  
Donald J. Trump  
President

/s/ HENRY W. HORNBOSTEL  
Henry W. Hornbostel  
Assistant Treasurer  
(Duly Authorized Officer)